



# Outside the Box

► by **Tom Field**, director of producer education, National Cattlemen's Beef Association

## Climbing the ladder

*Extreme levels of economic uncertainty are capable of creating inertia in the business community. Agricultural enterprises are not immune to the paralysis and indecision that can infiltrate the mind-set of decision makers when the pressure of high costs and market volatility mount to historic levels. While these times call for reasoned and thoughtful strategies, the name of the game is that we have to climb, scramble and move to get ourselves out of the cellar. The industrialist J.P. Morgan once advised that success depended on the ability to “decide ... that you are not going to stay where you are.”*

### Applying what we know

Morgan's admonishment applies to the business of raising cattle, as well. If we don't like the status quo of our business, then we have to make a fundamental choice — to adapt. Fortunately, we have at our disposal a toolkit filled with alternatives that can enhance the changes we wish to make. Certainly not every tool fits every situation, and history has taught us the futility of the “one size fits all” approach. With the understanding that the following list is not a perfect fit for all, these six tools need to be carefully considered as aids to moving us up the ladder to our goals:

- enterprise-level accounting and financial systems;
- estrous synchronization;
- artificial insemination (AI);
- genetic evaluation;
- preventative health care; and
- feed analysis and balanced ration formulation.

Tracking financial performance is imperative, and fortunately there are a multitude of resources and software packages available to assist producers with this important task. Having a handle on an accurate breakeven analysis, measuring inventory changes, and putting a rational strategy together based on a clear measurement of cost is key to survival in a turbulent economy. Kansas State University (K-State) provides a great budget and production economics resource at [www.agmanager.info/livestock/marketing/](http://www.agmanager.info/livestock/marketing/).

Estrous synchronization protocols have been refined to the point that there is a protocol available for nearly every possible scenario. Calves born early in the calving season will outperform their younger mates

in terms of sale weight, and dams that calve early have a far greater opportunity to maintain their status in the first month of the calving season on a lifetime basis. With these two advantages in mind, the incorporation of protocols that enhance a female's pregnancy status in the first part of the breeding season is worth careful consideration.

For a comprehensive list of synchronization protocols, visit [www.iowabeefcenter.org/estrus\\_synch.html](http://www.iowabeefcenter.org/estrus_synch.html). From the website you can obtain a free spreadsheet that will assist you in choosing an appropriate system.

The use of AI provides access to a wide genetic pool that can be customized to the production and market target objectives of a particular herd. Coupled with synchronization, timed-AI protocols can be used to reduce the need to invest significant amounts of time and labor into heat detection. While AI does require adequate cattle handling facilities, the availability of portable breeding boxes or sheds reduces the need for expensive on-farm buildings.

The availability of accurate genetic evaluation information through expected progeny differences (EPDs) and selection indexes provides a powerful and reliable method to sort potential breeding stock and upon which to make selection decisions. In my opinion, the performance database of the American Angus Association is its highest-equity resource. Selection decisions can be based on a sound, objective and strategic basis by using genetic evaluation data. There is no better return on investment opportunity in the cow-calf

business than to consistently utilize this data.

Disease can undo all of the progress made via superior reproductive management and objective selection pressure. Thus, a preventative health care program is relatively cheap insurance that supports the ability of individual animals and the total herd to perform to their genetic potential. While cost management is a critical step to assure long-term profitability, investment in a well-defined herd health program is important. A herd health program and associated preventative vaccination protocol should be clearly outlined and reviewed annually with the herd veterinarian.

Finally, implementing Beef Quality Assurance (BQA) protocols ([www.bqa.org](http://www.bqa.org)) and providing consistent training for employees provides a foundation for profitability.

Feed expenses account for 50%-65% of the total costs for an average cow-calf enterprise. This reality, coupled with rising feed costs, pressures managers to assure that each class of cattle in their enterprise is receiving appropriate nutrition. By testing feedstuffs, especially harvested forages, for feed value, managers can more precisely formulate rations and determine the lowest-cost ration to deliver required nutrients.

Economic conditions are placing significant pressure on businesses, which makes strategic and high-return decisions more important than ever. Perhaps in these times, the key to success is not so much in quantifying what we don't know, but rather in applying what we do know. These six tools — enterprise accounting, estrous synchronization, AI, genetic evaluation, preventative herd health, and feed analysis — offer routes to climb the value ladder in the midst of high costs and chaos.

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